

1-365A008

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CHARLES T. KAPPLER
JOHN H. DOYLE
JAMES C. MARTIN JR.

*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN MARYLAND

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• 17653

RECORDATION NO. FILED 1423

December 26, 1991

DEC 31 1991 - 12 05 PM

INTERSTATE COMMERCE COMMISSION

New Number

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are ~~three~~ ^{four} fully executed and acknowledged copies of a Loan and Security Agreement dated as of December 20, 1991, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 117.

The names and addresses of the parties to the enclosed document are:

Secured Party: Key Bank of Oregon
4735 S.W. Hall Boulevard
Beaverton, Oregon 97075

Borrowers: William A. Furman
Alan James
One Centerpointe Drive, Suite 200
Lake Oswego, Oregon 97035

A description of the railroad equipment covered by the enclosed document is set forth in Schedule 1 attached hereto and made a part hereof.

Also enclosed is a check in the amount \$16 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return two (2) stamped copies of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

C. T. Kappler

Mr. Sidney L. Strickland, Jr.
December 26, 1991
Page Two

A short summary of the enclosed primary document to appear in the Commission's Index is:

Loan and Security Agreement dated as of December ~~30~~, 1991 between Key Bank of Oregon, Secured Party, and Alan James and William A. Furman, Borrowers, covering 103 flatcars in the series WCRC 8800 - WCRC 8914 and 121 flatcars in the series GVSR 8401 - GVSR 8529.

Very truly yours,


Charles T. Kappler

CTK/bg
Enclosures

LOAN AND SECURITY AGREEMENT

17653
DEC 31 1991 - 12 05 PM
INTERSTATE COMMERCE COMMISSION

THIS LOAN AND SECURITY AGREEMENT ("Security Agreement"), dated as of December 30, 1991, between and among WILLIAM A. FURMAN, an individual, and ALAN JAMES, an individual, each having an address at One Centerpointe Drive, Suite 200, Lake Oswego, Oregon 97035 (each, a "Borrower" and together, the "Borrowers") and KEY BANK OF OREGON, having a place of business at 4735 S.W. Hall Boulevard, P.O. Box 707, Beaverton, Oregon 97075 ("Key").

WITNESSETH:

WHEREAS, the Borrowers have entered into a Promissory Note (the "Note") dated as of December 30, 1991 in favor of Key; and

WHEREAS, as security for the Borrowers' prompt and faithful performance of their obligations and duties under the Note, the Borrowers agree to assign to Key, and grant to Key a security interest in and a lien on, certain property herein specified,

NOW THEREFORE, in consideration of the aforesaid premise and the mutual terms and covenants herein contained, the parties hereto agree as follows:

ARTICLE 1. TERMS OF PAYMENT.

In conjunction with this Security Agreement, each of the Borrowers has executed the Note in which the Borrowers jointly and severally agree to pay to the order of Key or its assigns the principal amount set forth therein under the terms of payment which are set forth in the Note and are incorporated herein by reference.

ARTICLE 2. THE COLLATERAL.

To secure all obligations of the Borrowers to Key now existing or hereafter arising or incurred (i) under the Note as said Note may be amended or extended from time to time or under any Note issued in substitution or replacement thereof, or (ii) hereunder (collectively the "Obligations"), the Borrowers hereby assign to Key all of their rights, title and interest in, whether

now existing or hereafter arising, and grant to Key a lien on and security interest in:

2.01 all vehicles and goods listed on Schedule 1 hereto, all vehicles and goods listed on any Supplements to Security Agreement (in the form attached hereto as Exhibit A) from time to time delivered to Key in connection herewith, and all improvements, replacements, substitutions, accessories and additions thereto, whether in the possession of the Borrowers, warehousemen, bailees or any other person and whether located at the places of business of the Borrowers or elsewhere (the "Vehicles");

2.02 any and all leases listed on Schedule 2 attached hereto, all leases listed on any Supplements to Security Agreement from time to time delivered to Key in connection herewith, and all leases and agreements to lease, now or hereafter in effect and relating in any way to the Vehicles (the "Leases") and all rents, accounts and other rights to payment arising under the Leases ("Rents");

2.03 all accounts, contracts, contract rights, documents, instruments, general intangibles, chattel paper, and all ledger sheets, files and other documents relating to the property described in Articles 2.01 and 2.02; and

2.04 all proceeds of the sale, collection, exchange or other disposition of the property described in Articles 2.01 through 2.03 whether voluntary or involuntary, including, but not limited to, returned premiums, insurance proceeds, and all rights to payment with respect to any cause of action affecting or relating to such property (collectively the "Proceeds").

2.05 In the event any Vehicle is lost, destroyed, irrevocably damaged or condemned, requisitioned, confiscated or otherwise taken by any governmental body or stolen and not recovered by the Borrowers within 10 days, and such Vehicle shall not have been repaired to the condition required to be maintained pursuant to Article 5.12(k) hereof or replaced by a vehicle meeting the requirements of Article 5.09 (a "replacement Vehicle"), the Borrowers shall prepay the Note in an amount equal to the Loan Value (an amount to be determined by Key) of the Vehicle so lost or destroyed. Such payment shall be made promptly upon receipt of any insurance or other cash proceeds of such Vehicle and in any event within 120 days after such loss or destruction; provided, however, that if such Vehicle is repaired to the condition required by Article 5.12(k) hereof or replaced by a replacement Vehicle prior to the earlier of the receipt of insurance or other cash proceeds or the date 90 days after such loss of destruction, no such payment need be made.

All of the foregoing are hereinafter referred to collectively as the "Collateral."

ARTICLE 3. REPRESENTATIONS AND WARRANTIES.

In order to induce Key to enter into this Security Agreement and the Note, each of the Borrowers makes the following representations and warranties which shall survive the execution and delivery of this Security Agreement and the Note:

3.01 This Security Agreement has been executed and delivered by the Borrower and constitutes, and the Note when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against him in accordance with its terms, except as (i) the enforceability thereof may be affected by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (ii) the availability of certain equitable remedies may be limited by certain equitable principles of general applicability.

3.02 The execution and delivery of this Security Agreement and the Note will not violate any provision of law or regulation applicable to the Borrower, or result in the breach of, constitute a default under, contravene any provisions of, or result in the creation of any security interest, lien, charge or encumbrance upon any of the property or assets of the Borrower pursuant to, any indenture or agreement to which the Borrower or any of his property is bound.

3.03 Except as otherwise disclosed to Key in writing, there is no litigation, investigation or proceeding in any court or before any arbitrator or regulatory commission, board, administrative agency or other governmental authority pending or, to the knowledge of the Borrower, threatened, against or affecting the Borrower which (i) may affect the performance by the Borrower of this Security Agreement or the Note or any of the transactions contemplated hereby or thereby, or (ii) if adversely determined would have a material adverse effect on the financial condition of the Borrower.

3.04 Except such as have been previously obtained and copies of which have been delivered to Key, no consent, license, permit, approval or authorization of, exemption by, notice to report to, or registration filing or declaration with, any governmental authority or agency is required in connection with the execution, delivery, or performance by the Borrower of this Security Agreement or the Note, or the transactions contemplated hereby or thereby.

3.05 All financial information relating to the Borrower which has been heretofore delivered to Key is true, complete and correct and fairly presents the financial condition of the Borrower. Any financial statements presented to Key have been prepared in accordance with generally accepted accounting principles. There has been no material adverse change in the financial condition of the Borrower since the date of any such

financial statements. The Borrower has no material liabilities, direct or contingent, except as disclosed in such financial statements or as disclosed by the Borrower in writing to Key.

3.06 The proceeds of the Note shall be used by the Borrower to acquire the Vehicles and the current Leases which constitute the Collateral.

3.07 As of the disbursement to Borrower of the proceeds under the Note, the security interests created hereunder will have been duly created and perfected with a first priority lien in favor of Key.

3.08 The Borrower is not in default under any material term of any agreement relating to any obligation for borrowed money, or lease obligations.

3.09 The Borrower has the right to grant a security interest in the Collateral.

3.10 The Borrower is the owner and has good and marketable title to the Vehicles listed on Schedule 1 and each Lease listed on Schedule 2 free and clear of all liens and encumbrances, except (i) the security interest created hereby, and (ii) the leasehold interests of the lessee under any such Lease.

3.11 Each Vehicle listed on Schedule 1 is in the condition required by Article 5.12(j) and (k) hereof.

3.12 Each Lease listed on Schedule 2 is the valid and binding obligation of the lessee thereunder, not subject as of the date hereof to any claim, offset or defense, and no event of default or event which with notice or lapse of time (or both) would become an event of default has occurred under any of the leases.

ARTICLE 4. CONDITIONS TO KEY'S OBLIGATION TO FUND UNDER THE NOTE

The obligation of Key to fund the Note is subject to the following conditions:

4.01 Key shall have received the Note properly executed and delivered by the Borrowers.

4.02 Key shall have received the personal guaranty of the respective spouse (each, a "Guarantor") of each of the Borrowers (the "Guaranty"), dated as of even date hereof and executed and delivered by such Guarantor.

4.04 Key shall have received from the Borrowers the original executed Leases.

4.05 If the Vehicles are covered by certificates of title, Key shall have received such certificates of title wherein Key shall be noted as secured party or, if any such certificate is not available, a copy of the application therefor (requesting that Key be noted as secured party).

4.06 Key shall have received certificates or policies evidencing the existence of insurance on and with respect to the Vehicles of the types and the amounts customarily carried by companies similarly situated and in amounts reasonably satisfactory to Key; provided, that the Borrowers shall maintain (or cause to be maintained) casualty insurance on the Vehicles in an aggregate amount not less than the outstanding principal balance of the Note. All such insurance shall name Key as an additional insured; all insurance against loss of or damage to the Vehicles shall contain a lender's loss payable endorsement in favor of Key; and all such insurance shall contain a provision precluding cancellation or change unless at least 30 days' prior written notice has been given to Key.

4.07 Key shall have received evidence of the filing and recordation of the Security Agreement with the Interstate Commerce Commission under 49 U.S.C. Sect. 11303 and 49 CFR Part 1177.

4.08 Key shall have received executed copies (and acknowledgment copies to the extent reasonably available) of proper Uniform Commercial Code financing statements, in form and substance satisfactory to Key, duly filed under the Uniform Commercial Code in all jurisdictions as may be necessary, or in Key's reasonable opinion, desirable, to perfect the security interest of Key created under the Security Agreement; and all filings, recordings and other actions that are necessary or advisable, in the opinion of Key, in order to establish, protect, preserve and perfect such security interests as legal, valid and enforceable first security interests in such Collateral shall have been effected and Key shall have received evidence thereof in form and substance satisfactory to it.

4.09 Key shall have received evidence satisfactory to it that any security interest in the Collateral of any lender or other party has been terminated or will be terminated upon such party's receipt of all or its allocable share of the loan proceeds.

ARTICLE 5. BORROWER'S COVENANTS

Each of the Borrowers covenants and agrees that, unless Key shall otherwise consent in writing, until the payment in full of the Note and fulfillment of all of his obligations hereunder, each of the Borrowers shall comply with the following covenants:

5.01 The Borrowers shall maintain adequate records and accounts concerning the Collateral and permit any representative of Key at any reasonable time upon reasonable notice, to inspect, audit, examine and copy any such records maintained by the Borrowers and to examine any Vehicles financed hereunder in the possession of the Borrowers or any lessee, and to discuss such records and accounts and the Collateral generally with those persons best acquainted therewith.

5.02 The Borrowers will use the proceeds of the Loan only for the purposes described in Section 3.06.

5.03 The Borrowers will furnish or cause to be furnished to Key such additional financial information relating to the Borrowers and each Guarantor as Key may, from time to time, request.

5.04 The Borrowers shall maintain and keep or cause to be maintained and kept in force insurance required by Section 4.06.

5.05 The Borrowers shall pay and discharge any and all liens, taxes, fees, charges, claims, demands or expenses levied, assessed or imposed on the Collateral; provided, however, that nothing herein contained shall be deemed to require any lien, tax, fee, charge, claim, demand or expense to be paid or discharged prior to the due date thereof, or so long as the validity thereof is being contested by the Borrowers in good faith by appropriate proceedings, if the Borrowers shall have set aside adequate reserves with respect thereto and shall cause the same to be paid prior to the foreclosure of any lien which may have attached as security therefor. The Borrowers will give Key notice of any attachment or judicial process affecting any collateral as soon as either Borrower has knowledge thereof.

5.06 The Borrowers shall promptly give notice in writing to Key, as soon as either Borrower obtains knowledge thereof, of (i) the occurrence of any Event of Default under this Security Agreement or any condition act or event which with the giving of notice or lapse of time, or both, would constitute such Event of Default, and (ii) any loss, destruction, condemnation or requisition of any Vehicle financed hereunder or of any damage to any Vehicle requiring repairs in excess of an amount equal to thirty percent (30%) of the Cost of such Vehicle.

5.07 Each Borrower shall notify Key thirty days in advance of any change of address.

5.08 The Borrowers shall defend and indemnify and hold Key harmless against and from any and all claims, demands, actions, expenses, penalties and liabilities (including, without limitation, reasonable attorneys' fees and legal expenses) of whatsoever nature (i) made by any lessee of any Vehicle or third

party; or (ii) arising out of or resulting from the use, misuse storage, maintenance, damage to, control or alteration of any Vehicle by the Borrowers or any lessee of any Vehicle, or by any agents or employees of the Borrowers or any third party. The obligations of the Borrowers under this Article shall survive the termination of this Security Agreement.

5.09 The Borrowers shall not offer a vehicle as a replacement Vehicle for a Vehicle lost, condemned, etc., under Article 2.05 unless (a) such replacement Vehicle was acquired at a cost equal to at least the fair market value of the Vehicle it replaces and (b) Key provides its prior written consent to such replacement Vehicle and is granted a first priority security interest in such replacement Vehicle pursuant to Article 4 hereof.

5.10 Unless Key shall otherwise consent (which consent shall not be unreasonably withheld), all Leases (as defined herein) shall be made upon terms which do not vary or deviate substantially from the provisions of the current Leases.

5.11 The Borrowers shall cause each lessee under each Lease to acknowledge in writing to Key the existence of this Security Agreement and the security interest granted hereby to Key in the Vehicles and the Leases.

5.12 That with respect to the security the Borrowers shall:

(a) not sell, discount or factor any or all of the Collateral, except as otherwise permitted hereunder;

(b) not create, permit or suffer to exist any lien, security interest, claim or right in or to any of the Collateral, except (i) the security interest granted hereunder, (ii) the leasehold interest of lessees under the Leases, and (iii) mechanics', carriers', workmen's, tax and other like liens arising in the ordinary course of business which are not overdue or which are being contested in good faith by appropriate proceedings, provided that any such lien shall be satisfied or discharged prior to the foreclosure thereof against any of the Collateral;

(c) not use or permit the use of the Vehicles for any unlawful purpose nor in any way that would void any insurance required to be carried in connection therewith;

(d) furnish reports to Key of all acquisitions, returns, sales and other dispositions of Vehicles in such form and detail and at such times as Key may reasonably require;

(e) not modify or amend any Lease in any way that would adversely affect the value thereof as Collateral for Key

or waive any material default thereunder; not consent to any assignment or sublease of the Vehicles (provided that the Vehicles may be interchanged in accordance with the customary practices of the railroad industry); notify Key of any default or condition which with notice or lapse of time could become a material default under any Lease and of any claimed defense, offset or counterclaim of any lessee on any Lease promptly after becoming aware of any thereof; notify Key of any non-payment of rent under any Lease which continues for more than 30 days after such payment was due; enforce each Lease in accordance with its terms and perform (or cause to be performed) all obligations as lessor under the Leases;

(f) not, without the consent of Key (which consent shall not be unreasonably withheld), enter into any Lease which varies or deviates substantially from, or amend any Lease so as to vary or deviate substantially from, the current Leases.

(g) (i) on or prior to any termination or expiration of the initial Lease applicable to a Vehicle, use his or their best efforts to renew such Lease on terms substantially similar to those currently contained in such Lease or use his or their best efforts to enter into a profitable lease for such Vehicle pursuant to a lease substantially in the form of the current Leases; (ii) to the extent the Borrowers reasonably determine that they are unable to lease all or any of the Vehicles pursuant to subsection (i) on terms reasonably satisfactory to the Borrowers, taking into account the nature of the Obligations and the risk of non-payment of the full amount of the Obligations, the Borrowers shall so inform Key and shall give Key such information, including information regarding conditions in the market, as Key may reasonably request;

(h) promptly upon the acquisition of each replacement Vehicle, furnish or cause to be furnished to Key, a Supplement hereto, describing each such Vehicle with such specificity as Key may reasonably require. Promptly upon the loss, theft, destruction or abandonment of any Vehicle, the Borrowers will furnish or cause to be furnished to Key a deletion notice describing each such Vehicle to be deleted from the list of Collateral hereunder and a statement of the circumstances surrounding such loss, theft, destruction or abandonment with such specificity as Key may reasonably require;

(i) promptly after executing any Lease, deliver to Key such original executed Lease, a written acknowledgement by the lessee thereunder of the existence of this Security Agreement and the Note (provided that a separate written acknowledgment shall not be required if such Lease contains such acknowledgment) and a copy of any opinion of counsel to each lessee obtained by the Borrowers and furnish or cause to be furnished to Key a Supplement hereto adding each Lease not described in Schedule 2

or any prior Supplements hereto and deleting each previously described Lease which has been terminated;

(j) acquire any replacement Vehicle only if such Vehicle is acquired by the Borrowers as owner, free and clear of all liens and encumbrances except (i) the security interest created hereby, and (ii) the leasehold interest of the lessee under any Lease applicable to such Vehicle;

(k) keep all Vehicles in good order, repair and saleable condition, ordinary wear and tear excepted, in accordance with the standards and practices adhered to by users of similar items; not sell, transfer, dispose, waste, destroy or abandon the Vehicles or any part thereof except, with the prior consent of Key, for any Vehicle that, in the good faith judgment of the Borrowers, is worn-out, obsolete or without material economic value;

(l) if any of the Vehicles are covered by certificates of title, not obtain certificates of title from more than one jurisdiction covering the same Vehicle and deliver to Key promptly upon issuance by the appropriate state authorities all certificates of title or of ownership for such Vehicles; notify Key in writing of any changes in the certificates of title or ownership covering such Vehicles; upon replacing any Vehicle, immediately obtain for such Vehicle a certificate of title, naming Key as lien holder from the appropriate state officials; and take all necessary action to perfect the security interest of Key in such replacement Vehicle;

(m) cause every copy of each Lease comprised in the Collateral which is in the possession of the Borrowers to be stamped or imprinted with the legend: "Subject to a Security Interest in favor of Key Bank of Oregon."

ARTICLE 6. FURTHER ASSURANCES.

Each of the Borrowers shall use his best efforts to supply Key promptly with such information concerning the Collateral as Key may reasonably request from time to time hereafter. At the Borrowers' expense, the Borrowers shall execute and deliver to Key concurrently with the execution of this Security Agreement, and at any time or times hereafter at the request of Key, all vehicle title documents, financing statements, continuation statements, security agreements, assignments, affidavits, reports, notices, and other documents, including, without limitation, originals of all instruments, documents and chattel paper consisting of the Collateral, necessary to maintain a first perfected security interest in the Collateral or that Key may reasonably request, in a form satisfactory to Key, to maintain Key's assignment of and security interest in the collateral and to consummate fully all of the transactions contemplated under this Security Agreement. The Borrowers shall file all financing statements, security

agreements and vehicle title documents necessary to preserve their interest in the Vehicles against any person claiming an interest therein by or through any lessee or by virtue of any Lease, including filings with the Interstate Commerce Commission under 49 U.S.C Sect. 11303 and 49 CFR Part 1177. The Borrowers hereby irrevocably authorize Key to file, at the Borrowers' expense, such Vehicle title documents, financing statements, continuation statements and other documents as Key may deem necessary or reasonably desirable for the perfection of the security interest and lien of Key hereunder, without the Borrowers' signatures, and appoint Key as the Borrowers' attorney-in-fact (which appointment is irrevocable and coupled with an interest) to execute any such statements and documents in the Borrowers' names and to perform all other acts which Key deems appropriate to perfect and continue the security interest granted to Key hereunder. The Borrowers will execute and deliver to Key such additional documents as Key may reasonably require or deem advisable to carry into effect the purpose of this Security Agreement or to maintain Key's interest hereunder.

ARTICLE 7. RECORDS AND INSPECTION.

The Borrowers will, with respect to the Collateral, deliver to Key at the Borrowers' expense such papers as Key may request including without limitation statements of customer accounts, bank statements, invoices, evidence of shipment or delivery and receipts. The Borrowers hereby covenant that until the effective date of a change-of-address notice which is delivered pursuant to Section 5.07 hereof their records relating to the Collateral, including without limitation all originals of all Leases, instruments and other chattel paper relating thereto not delivered to Key, will be kept at their office at One Centerpointe Drive, Suite 200, Lake Oswego, Oregon 97035.

ARTICLE 8. EVENTS OF DEFAULT.

The occurrence of any of the following events ("Events of Default") shall be a default hereunder:

8.01 the Borrowers shall fail to pay when due any installment of principal or interest or any other sum payable pursuant to the Note or hereunder, and which failure to pay shall continue for 10 days;

8.02 the Borrowers shall fail to observe or perform any covenant condition or agreement hereof and such failure shall continue for 20 days after whichever of the following dates is the earliest: (i) the date the Borrowers notify Key of such failure (ii) the date the Borrowers should have notified Key of such failure in accordance with the provision of Section 5.06; or (iii) the date Key notifies the Borrowers of such failure;

8.03 any financial statement, representation, warranty or certificate made or prepared by or under the control of either of the Borrowers or either of the Guarantors and furnished by the Borrowers or the Guarantors to Key in connection with this Security Agreement, or as an inducement to Key to enter into this Security Agreement, or in any separate statement or document to be delivered hereunder to Key, shall have contained an untrue statement of a material fact when made or shall have failed to state a material fact necessary to make the statements therein not misleading when made;

8.04 either of the Borrowers or either of the Guarantors shall take any action, whether voluntary or involuntary, seeking relief under any applicable provision of the United States Bankruptcy Code or otherwise institute any similar proceeding under any other applicable federal or state law, or shall consent thereto; or any of them shall make an assignment for the benefit of creditors or shall admit in writing his or her inability to pay his or her debts generally as they become due; or there occurs such a change in the condition or affairs of the Borrowers or the Guarantors as in the opinion of Key impairs its security or increases its risks;

8.05 either of the Borrowers shall sell, encumber or otherwise dispose of the Vehicles or of any interest therein, in a manner not provided for herein;

8.06 either of the Borrowers shall misuse or abuse the Vehicles; or use or allow the use of the Vehicles in connection with any undertakings prohibited by law or by any policy of insurance thereon;

8.07 either of the Borrowers shall attempt to do any of the acts specified in Articles 8.05 or 8.06 above;

ARTICLE 9. REMEDIES.

In the event of a default as described above, Key may, at its option, take one or more of the following actions, giving any notice and opportunity to cure as may be required by law:

9.01 Key may accelerate and declare immediately due and payable the principal, accrued interest, and all other sums payable under the Note and this Security Agreement;

9.02 Key shall be entitled to exercise, with respect to the Collateral, any or all of the rights and remedies available to a secured party under the Uniform Commercial Code in effect in the state of Oregon or any other jurisdiction in which Collateral may be located at that time and in addition thereto the rights and remedies provided for herein and such other rights and remedies as may be provided by law, including, without

limitation, rights of setoff; the aforesaid rights and remedies of Key to be cumulative and non-exclusive, yet non-duplicative;

9.03 the Borrowers shall upon the request of Key assemble the Collateral (or any portion thereof) at such place or places as Key shall designate (subject always to the rights of the lessees under the Leases), and Key shall have the right, with or without legal process and with or without prior demand, directly or through its agents to take possession of all or any part of the Collateral. Furthermore, Key shall have the right, without notice or demand or legal process, to enter upon any premises of the Borrowers for the purposes of taking such possession;

9.04 Key may exercise all rights of the Borrowers under any Lease;

9.05 Key may notify the lessees under the Leases and any other person obligated on any of the Collateral of the existence of Key's security interest and may direct that all rents and other sums due or to become due on any of the Leases or other Collateral be paid directly to Key; and rents and other payments thereafter received by the Borrowers with respect to any of the Collateral shall be received and held by Borrowers in trust for Key and shall not be commingled with any other property and shall be delivered to Key immediately upon receipt thereof by the Borrowers in the same form as received except for any necessary endorsement in favor of Key;

9.06 Key may demand, collect, receive and receipt for, compromise, compound, settle and give acquittance for and prosecute and discontinue any suits or proceedings in respect of any or all of the Collateral or of any insurance on any or all of the Collateral, and may pay or discharge any taxes, liens and encumbrances levied or placed on or threatened against the Collateral (and any such payments shall be part of the Obligations and be payable by the Borrowers on demand), and may take any other action which Key may deem necessary or desirable in order to realize on the Collateral, including without limitation the power to perform any contract and to endorse in the name of either or both of the Borrowers any checks, drafts, notes or other documents which are Collateral or are received in payment or on account of the Collateral.

All proceeds and other monies received by Key pursuant to the terms of this Security Agreement shall be applied as follows:

(a) to the payment of all expenses reasonably incurred by Key in connection with the exercise of any right or remedy hereunder, to the extent that such expenses and costs shall not have theretofore been reimbursed to Key by the Borrowers; and

(b) to the payment in full to Key of all Obligations owing to Key, any surplus to be paid to the Borrowers or their successors or assigns, or as a court of competent jurisdiction may direct.

The Borrowers shall be and remain liable for any deficiency remaining after applying all proceeds and other monies as set forth above.

ARTICLE 10. NOTICES.

Any notice required by law to be given by Key of any disposition of the Collateral or any other intended action by Key, which is given in accordance with Article 12.06 at least 10 calendar days prior to such proposed action, shall constitute reasonable and fair notice to the Borrowers of any such action.

ARTICLE 11. COUNSEL FEES.

If at any time or times hereafter Key shall employ counsel:

11.01 to represent Key in any litigation, contest, dispute, suit or proceeding (whether instituted by Key, the Borrowers or any other entity) in any way or respect relating to any of the Collateral or this Security Agreement;

11.02 to protect, collect, lease, sell, take possession of or liquidate any of the Collateral;

11.03 to attempt to enforce any assignment or interest of Key in any of the Collateral; or

11.04 to enforce any rights of Key against the Borrowers or against any other person or entity which may be obligated to Key by virtue of this Security Agreement;

then, in any of the foregoing events, all of the reasonable attorneys' fees arising from such services and all reasonable expenses, costs and charges in any way or respect arising in connection therewith or relating thereto shall constitute a part of the Obligations in connection with which such actions were taken, shall bear interest from the date of Key's payment thereof at the rate borne or to be borne by the Note and shall be payable on demand.

ARTICLE 12. MISCELLANEOUS.

12.01 Waivers. Any waiver, permit, consent or approval by Key of any Event of Default or breach of any provision, condition or covenant of this Security Agreement or the Note must be in writing and shall be effective only to the extent it is set forth in writing. No waiver of a specific

breach or Event of Default shall operate as a waiver of any other breach or Event of Default or of the same Event of Default occurring at a later time.

12.02 Failure or Delay. No failure or delay on the part of Key in the exercise of any power, right or privilege under this Security Agreement or the Note shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise of any other power, right or privilege.

12.03 Cumulative Rights. All rights and remedies existing under this Security Agreement and the Note are cumulative to, and not exclusive of, any rights or remedies otherwise available under applicable law.

12.04 Severability. Any provision of this agreement or the Note which is prohibited or unenforceable in any jurisdiction, shall be, only as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability, but all the remaining provisions of the Security Agreement and the Note shall remain valid.

12.05 Successors and Assigns. This Security Agreement shall be binding upon the Borrowers, Key and their respective successors and assigns and shall inure to the benefit of the Borrowers, Key and the successors and assigns of Key. Key may assign its rights and interests in and to this Security Agreement and the Note and/or grant a security interest in the Collateral in whole or in part without notice to the Borrowers. The Borrowers may not assign or transfer any rights under this Security Agreement without the prior written consent of Key.

12.06 Notices. Any notice which any party may be required or may desire to give to the other party under any provision of this Security Agreement or the Note shall be in writing and shall be deemed to have been given or made when personally delivered to the office described below or five days after deposited in the mail, postage prepaid and addressed as follows;

To the Borrowers: William A. Furman and Alan James
c/o The Greenbrier Companies
One Centerpointe Drive
Suite 200
Lake Oswego, Oregon 97035

To Key: Key Bank of Oregon
4735 S.W Hall Boulevard
P.O. Box 707
Beaverton, Oregon 97075
Attention: Charles B. Anderson
Vice President & Manager

Key and the Borrowers may change the addresses to which all notices, requests and other communications are to be sent by giving written notice of such address change to the other party in conformity with this section, but such change shall not be effective until notice of such change has been received by the other parties.

12.07 Costs, Expenses and Attorneys' Fees. Promptly upon receiving a statement therefor, the Borrowers will pay to Key all of Key's reasonable out-of-pocket expenses in connection with the preparation, negotiation, and settlement of this Security Agreement and the documents contemplated hereby, including the reasonable fees, expenses and disbursements of counsel to Key in connection with the preparation of such documents and any amendments hereof or thereof. The Borrowers shall also promptly, upon receiving a statement therefor, pay to Key all of Key's reasonable out-of-pocket expenses, including attorneys' fees connected with Key's perfecting its security interest as provided for in Article 2 hereof. The Borrowers will reimburse Key for all costs and expenses, including reasonable attorneys' fees, expended or incurred by Key in enforcing this Security Agreement, in actions for declaratory relief in any way related to this Security Agreement, in collecting any sum which becomes due to Key on the Note, or in the protection, preservation or enforcement of any rights of Key in connection with this Security Agreement.

12.08 Counterparts. This Security Agreement may be executed in any number of counterparts, each of which shall be an original.

12.09 Governing Law. The validity, construction and effect of this Security Agreement and Note shall be governed by the laws of the State of Oregon.

12.10 Complete Agreement. This Security Agreement, together with the exhibits to this Security Agreement, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement.

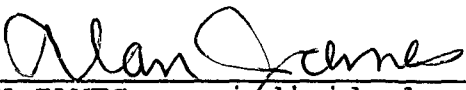
12.11 Joint and Several Liability. The liability of the Borrowers hereunder and under the Note shall be joint and several in all respects.

IN WITNESS WHEREOF, Key and the Borrowers have caused this Security Agreement to be duly executed on the day and year first written at the head of this Security Agreement.

KEY BANK OF OREGON

By 
Title Vice President


WILLIAM A. FURMAN, an individual

x 
ALAN JAMES, an individual

STATE OF OREGON

)

) ss.

COUNTY OF CLACKAMAS

)

On this 30th day of December, 1991, before me personally appeared William A. Furman, to me personally known, who being by me duly sworn, says that the foregoing instrument was signed by him and he acknowledged that the execution of the said instrument was his free act and deed.

Janet E. Hudson
NOTARY PUBLIC

My commission expires: 5/28/94



STATE OF OREGON

)

) ss.

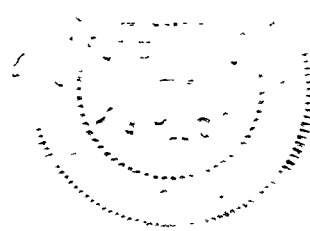
COUNTY OF CLACKAMAS

)

On this 30th day of December, 1991, before me personally appeared Alan James, to me personally known, who being by me duly sworn, says that the foregoing instrument was signed by him and he acknowledged that the execution of the said instrument was his free act and deed.

Janet E. Hudson
NOTARY PUBLIC

My commission expires: 5/28/94



STATE OF OREGON

)

SS:

COUNTY OF Wash

)

On this 30th day of December, 1991,
before me personally appeared C.B. Anderson,
to me personally known, who being by me duly sworn, says
that he is the Vice President
of KEY BANK OF OREGON, a Corporation,
that the foregoing instrument was signed on behalf of said
corporation by authority of its Board of Directors, and he
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

Kathy Hamilton

Notary Public

My commission expires:

5-16-95

(SEAL)



SCHEDULE 1
TO
LOAN AND SECURITY AGREEMENT

Description of Vehicles:

One hundred three (103) 89-foot standard deck flatcars
with an estimated capacity of 150,000 pounds

Car Numbers: WCRC 8800 through WCRC 8914, inclusive,
except the following:

WCRC 8843, WCRC 8846, WCRC 8847, WCRC 8860,
WCRC 8862, WCRC 8874, WCRC 8875, WCRC 8876,
WCRC 8877, WCRC 8888, WCRC 8896, and WCRC 8898

One hundred twenty-one (121) 89-foot standard deck
flatcars

Car Numbers: GVSR 8401 through GVSR 8529, inclusive

SCHEDULE 2
TO
LOAN AND SECURITY AGREEMENT

Description of Leases:

Lease Agreement dated April 1, 1991, by and between Southern Pacific Transportation Company as lessee and Greenbrier Leasing Corporation as lessor, as assigned to William A. Furman and Alan James pursuant to an Assignment of Lease Agreement dated as of September 30, 1991

Lease Agreement dated April 8, 1991, by and between Southern Pacific Transportation Company as lessee and Greenbrier Leasing Corporation as lessor, as assigned to William A. Furman and Alan James pursuant to an Assignment of Lease Agreement dated as of September 30, 1991